TRADE MOVEMENTS AND THE WAR

The war continues to produce many and varied alterations in the currents of world trade. Some are obviously temporary; the permanence of others is doubtful; yet the opening up of new channels is at least suggestive. Changes are involved in the kind, amount, and value of goods carried and in the routes along which they are borne. The various consular reports and trade journals abound in illustrations.

In spite of our own greatly augmented trade with the Allies, the outstanding feature is the decline of world commerce, especially during the earlier months of the war. Scarcity of freighters and high freight rates were largely accountable. Thirteen per cent of the world's trade formerly in the hands of Germany and Austria has been removed with the exception of the still vigorous German trade in the Baltic; and of the 54 per cent of trade in the hands of the Allies a large amount has been diverted from its ordinary purposes. German steamers, for instance, had formerly carried about 40 per cent of the exports from the Dutch East Indies. On their removal the remaining companies raised the rates 50 per cent. Still greater increases are reported. From Moji, Japan, to New York, the rates on general cargo had risen 90 per cent by March, 1915.

Unusual opportunities have been afforded to neutral shipping. The *Boletín de Relaciones Exteriores,* Chile, June, 1915, says "In Spain, today, the possession of a boat constitutes a mine of money" and instances the coal freighters from Gijon to Barcelona that formerly charged seven or eight pesetas per ton and now demand three, four, and even more times as much.

Transportation by sailing ship has seen a great revival. In 1909 eight steamers were chartered to load lumber from the United States to the Rio de la Plata; sailing vessels, unable to compete, were driven from the trade; now many are returning to it. Several schooners formerly carrying coal from Chesapeake Bay to the Middle Atlantic states and New England have gone into the South American trade. A ship recently chartered in Boston to carry lumber to Buenos Aires has secured rates of twenty-two dollars per thousand feet—a record price.

Among cargoes coal occupies a prominent and somewhat peculiar position. For cheap rates coal depends on the accessibility of a market for return freight. The coaling station of Port Said was well situated in this respect, but for some time after the outbreak of the war so little freight was carried westward through the Suez Canal that rates from India fell as low as twelve shillings, though they have lately risen to fifty shillings. Since coal freights from the United Kingdom had, on the contrary, risen from nine shillings per ton to a maximum of thirty-seven shillings and six pence, it became expedient to sacrifice a part of the cargo space for the cheaper Indian coal.

Some countries have suffered heavily through inability to ship their usual export. Syria normally exports some 80 per cent of its wheat crop. The harvest of 1914 was excellent, but transportation facilities were closed; coal was wanting, and all baggage animals had been commandeered by the government. Beirut experienced a very serious shortage of flour and wheat. Adaptations to trade dislocation are illustrated by the proposal that British shipping unable to find return cargo from Morocco should carry grain from Casablanca and other points on the western coast of Morocco to relieve the French ports unable to supply freighters.

The selective action of the war has greatly favored the sugar grower. The few tropical countries that show increased export trade for 1914 have gained their advantage on sugar, thus Mauritius, with sugar representing 97 per cent of its exports, British Guiana, eastern Cuba. Other West Indian islands would report similar advances but

for local disabilities. Barbados, recovering from the drought of the past few years, is anticipating a good crop and corresponding profits for 1916. In Peru sugar has proved much the most lucrative product during the past year, though profits have been diminished by the scarcity and high charges of freighters. In April, 1915, the cost to Liverpool had almost trebled the old rate. The good market for sugar has had its customary effect on industry on the Peruvian coast. Since the Civil War and the boom in Peruvian cotton that accompanied it the sugar and cotton industries have prospered in complementary ratio. In 1913 the low price of sugar and the bull cotton market caused a considerable increase in production of the latter crop. Now the process is being reversed, and it has been further encouraged by the fact that depression came at the time when farmers were requiring money for the planting of the new crop. Like cotton, Peruvian exports of copper and petroleum have suffered from the preference for sugar shipment. The latter decreased by 44,755 tons, or 56 per cent, in the last five months of 1914. Here, however, suspension of works in the Chilean nitrate *oficinas* was a contributory cause.

Complications attendant on the readjustment of commerce are well exemplified in the American consular report from the Belgian Congo for 1914. In the latter part of 1915 the first American ship to enter the Congo delivered the first general cargo shipped thither from the United States. Despite the fact that the goods delivered proved satisfactory, the only duplicated orders have been for flour, petroleum, and a little sugar. The reason lies in part in the lack of reciprocal trade—there is no American market for the copal, cacao, palm oil products of the Congo—but still more because the present financial basis of all Congo industry lies in European hands, in Brussels, Antwerp, and Liverpool. As in the case of the previously cited money crops of Peru, external economic conditions exert a powerful control over production. Before the crop is harvested it has been sold and advances made on it by the local banks. In consequence former German imports from the Congo have been sent to Liverpool, though at a loss, for lack of a market.

There are other instances of the movement, temporary at least, away from the great European entrepôts. Cuba and Denmark, among other countries that used to obtain rice from the continental markets, have obtained shipments direct from Burma. Cuba took five times as much—over 27,000 tons—in 1915 as in the previous year. Some of the old well-established triangular routes have been abandoned for the time being. American vessels carrying manufactured goods to South Africa and returning home via Europe have lately carried return cargo, including wool, direct to America. Promise of more permanent commercial advance is in the hands of Spain. Cargoes of nitrate have been obtained from Chile without the intermediary of a French, Belgian, or German market. A proposal is on foot to connect the two countries by direct steamship service and to erect in some convenient Spanish port, preferably Barcelona, a depot to supply the whole of the agricultural zone of the Mediterranean. Of the benefits that would accrue may be noted the provision of a return cargo for vessels carrying wheat from Russia and accustomed heretofore to return in ballast, and the possibility of increased export trade with Chile. At the present time the latter country obtains practically all her imported olive oil via the United States and thus receives a product far inferior to the pure variety that could be shipped direct from the country of origin.